

Police / Court Facility Discussion and Next Steps

Presented by: Blair King
City Manager
January 25, 2022



CITY OF
BAINBRIDGE ISLAND

Agenda

- Project need and objective
- Project history
- Review three (3) City-owned properties
- 8804 Madison: Implications of sale or change in use
- Determine Next Steps

Project Need and Objective



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Project Need

Police and court facilities are sized to serve the community's needs:

- Adequate space for witnesses and victims of crime
- Accessibility for people with disabilities and those without personal transportation
- Dignified environment for people dealing with challenging moments in their lives
- Space for community-facing staff (behavioral health, psychologists, social workers)



Project Need: Police Facility

- Seismically deficient: unsuitable and unsafe for emergency facility
- Inadequate space for victims, witnesses, interview rooms
- Lack of accessibility for people with disabilities
- Lack of space for future growth of community service positions (social workers, psychologists)
- Inadequate storage for evidence, public records



Project Need: Court Building

- Facility not under City control (rental)
- Lack of accessibility for people with disabilities
- Lack of space for jury trials
- Inadequate space to maintain victim safety/privacy
- Location inaccessible by transit

Project Objective:

- Design and build a safe, accessible and adequately sized Police and Court facility to serve the community's needs for the next 50+ years, while being mindful of stewarding public resources and minimizing risks.

Project History



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Project History

- **1958** – Fire station (current Police station) constructed
- **1968** – Fire station purchased by Winslow for City Hall
- **1991** – Court established at current location as temp. facility
- **2000** – Purchase of Suzuki property for Police Station
- **2001** – Old City Hall becomes stand-alone Police Station
- **2006** – Task Force Evaluation of Suzuki property

Project History

- **2008** – Evaluation of new Police building on current site
- **2013** – Facility planning with BI Fire District
- **2014** – Public Facilities Assessment
- **2015** – Public Safety Facility Ballot initiative
- **2016-17** – Site and space needs analysis
- **2018-19** – 8804 Madison purchase
- **2020** – 8804 Madison design initiated
- **2021** – Project paused by City Council

Project History: Expenditures To-Date (2013-Present)

No.	Summary	Cost
1.	Pre-design (all sites)	\$415K
2.	Suzuki land purchase (2000)	\$500K
3.	8804 Madison land and building purchase	\$8.9M
4.	8804 Madison design	\$760K
5.	8804 Madison permits	\$46K
6.	8804 Madison project management/other	\$240K

Total: \$10.9M

Site Evaluations



Site 1 – Current Police Station Property



Site 1 – Current Police Station Property





Site 1 – Estimated Cost of Development

No.	Summary	Est. Cost	Cost Assumptions
1.	Planning and Design	\$2.0M	11% of construction estimate
2.	Fees	\$100K	Permits, traffic, utility,
3.	Construction (projected to 2024)	\$17.7M	One-story estimate X 1.5
4.	Site Development	\$4.1M	\$3.5M + 18% inflation
5.	Contingency	\$1.7M	10% of construction
6.	Relocation	\$500K	
7.	Soft Costs	\$800K	(Furniture, equip, tech, etc.)

Total = \$26.9M

+ Previous Expenditures = \$10.9M

Total = \$37.8M



Site 1 – Draft Schedule (open late 2025)

2022

2023

2024

2025



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Site 1 – Pros and Cons

Pros

- Good visibility
- Access to SR305 and ferry
- Limited neighborhood concerns
- Limited environmental impacts
- Developed site with utilities
- Good public accessibility

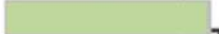

Cons

- Expensive to build
- Relocation of Police Dept.
- Disruptive to community and Police dept.
- Minimum 4-years until complete
- Bond defeasance issue
- Eliminates other uses or sale of site

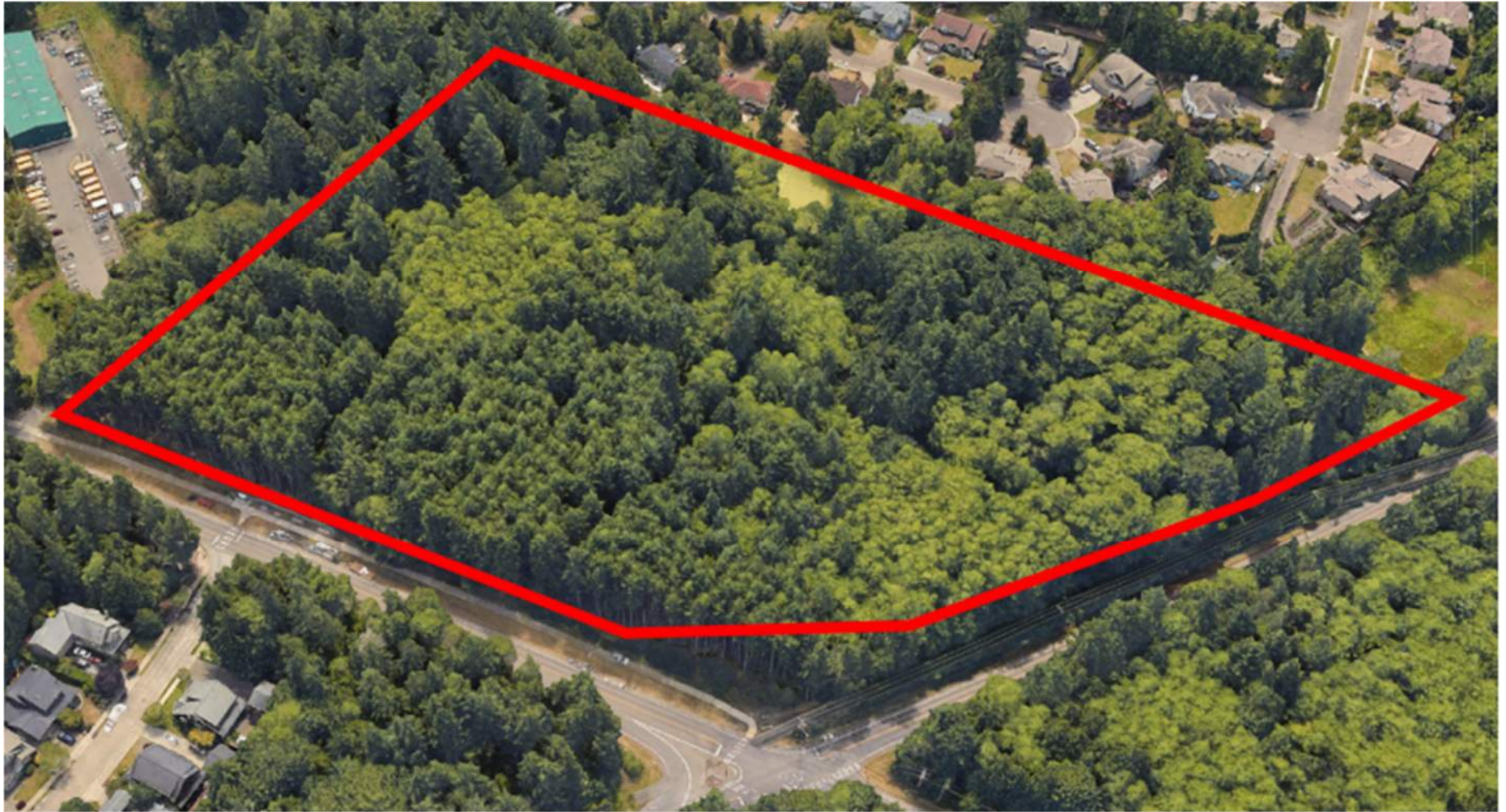


Site 1 – Near-Term Next Steps

- Authorize Feasibility Study
- Next Council action in April 2022
- Complete feasibility in July 2022

Task Name	Duration 	Start	Finish	Q1			Q2				
				Jan	Feb	Mar	Apr	May	Jun	Jul	
 Feasibility	180d	02/01/22	07/30/22								
Draft scope/advertise/select consultant	60d	02/01/22	04/01/22								
Authorize consultant contract	0	04/26/22	04/26/22								
Community engagement	30d	04/26/22	05/25/22								
Initiate feasibility study	75d	04/26/22	07/09/22								
Council review of feasibility	0	07/09/22	07/09/22								
Finalize feasibility study	21d	07/10/22	07/30/22								

Site 2 – Suzuki Property



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Site 2 – Suzuki Property





Site 2 – Estimated Cost of Development

No.	Summary	Est. Cost	Cost Assumptions
1.	Planning and Design	\$1.3M	Construction x 11%
2.	Fees	\$100K	Permits, traffic, utility,
3.	Sewer extension	\$1M	
4.	Madison/New Brook. intersection improvements	\$950K	
4.	Building Construction (2024)	\$11.7M	Escalated 2017 estimate
5.	Site Development	\$4.1	\$3.5M + 17% inflation
6.	Contingency	\$1.1M	10% of construction
7.	Soft Costs	\$800K	(Furniture, equip, tech, etc.)

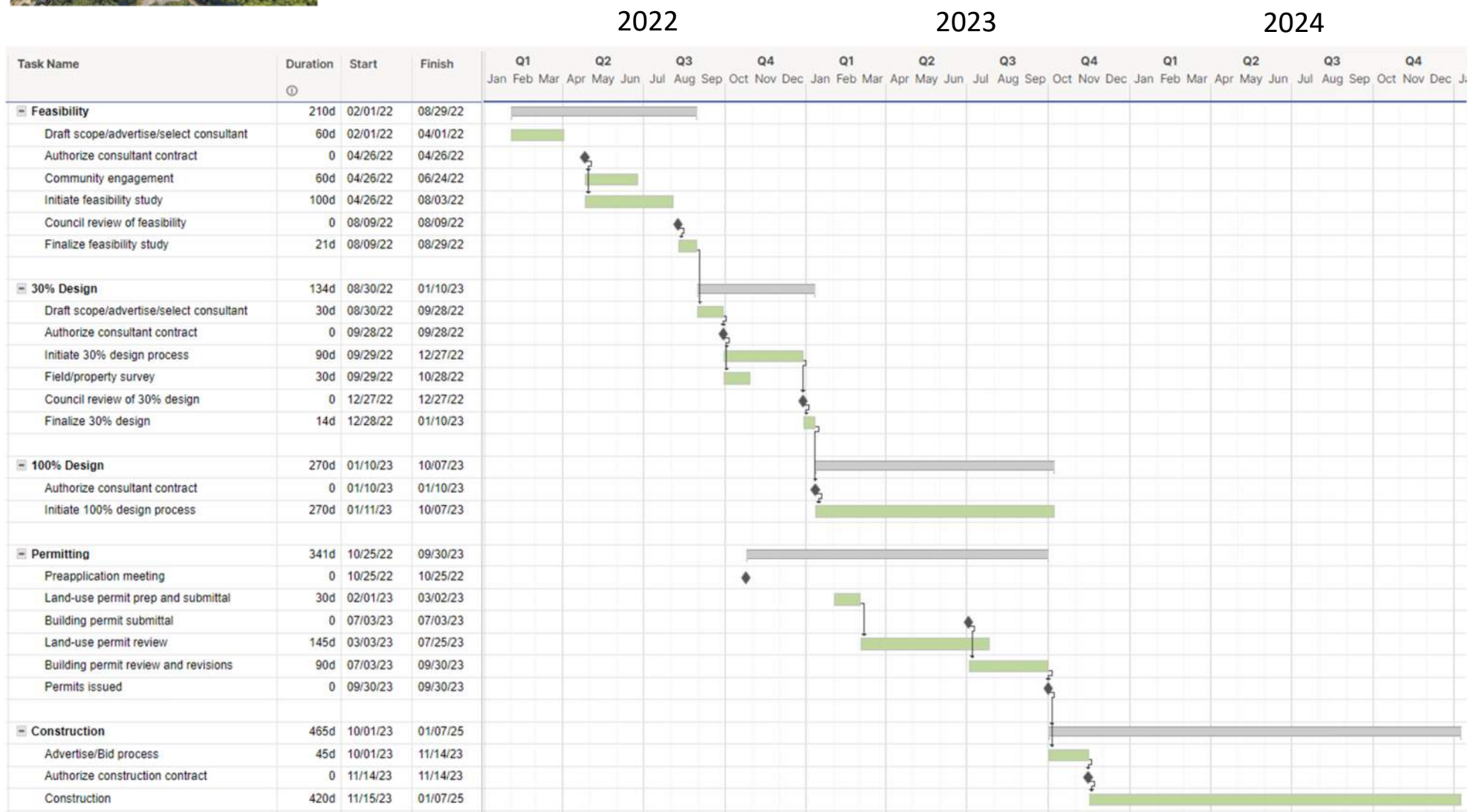
Total = \$21.0M

+ Previous Expenditures = \$10.9M

Total = \$31.9M



Site 2 – Draft Schedule (open early 2025)



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Site 2 – Pros and Cons

Pros

- All of site owned by the City
- Mid-range cost
- Relatively few design constraints
- No relocation of Police or Court during construction

Cons

- Tree removal / greater impacts on natural environment
- Potential community impact concerns
- Council action required to reverse surplus decision
- Requires utility extensions/ intersection improvements
- Limited community accessibility
- Eliminates other uses of site
- Evaluation of bond defeasance issue



Site 2 – Near-term Next Steps

- Authorize Feasibility Study
- Next Council action in April 2022
- Complete feasibility in August 2022

Task Name	Duration ⓘ	Start	Finish	Q1			Q2			Q3	
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
- Feasibility	210d	02/01/22	08/29/22								
Draft scope/advertise/select consultant	60d	02/01/22	04/01/22								
Authorize consultant contract	0	04/26/22	04/26/22								
Community engagement	60d	04/26/22	06/24/22								
Initiate feasibility study	100d	04/26/22	08/03/22								
Council review of feasibility	0	08/09/22	08/09/22								
Finalize feasibility study	21d	08/09/22	08/29/22								

Site 3 – 8804 Madison Avenue Property



Police / Court Discussion

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Site 3 – 8804 Madison Avenue Property





Site 3 – Estimated Cost of Development

No.	Summary	Est. Cost	Cost Assumptions
1.	Construction	\$8.4M	Engineer's est. + 9% inflation
2.	Contingency	\$840K	10% of construction
3.	Other soft costs	\$280K	Project man., moving, etc.

Total = \$9.5M

+ Previous Expenditures = \$10.9M

Total = \$20.4M



Site 3 – Pros and Cons

Pros

- All of site owned by the City
- Good access to SR305
- Utilities available
- Lowest impacts on environment
- Lower construction risk
- Good public accessibility
- Lowest cost option
- No relocation required
- Project funding secured

Cons

- Design constrained by existing building
- No secondary vehicle access



Site 3 – Plans complete / ready for bid

BAINBRIDGE ISLAND POLICE AND COURT

8804 MADISON AVE. N
BAINBRIDGE ISLAND, WA 98110

SHEET #	NAME
1	GENERAL
2	FOUNDATION
3	STRUCTURE
4	MECHANICAL
5	ELECTRICAL
6	PLUMBING
7	PAINT
8	LANDSCAPE
9	FINISH
10	DETAILS
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300	PLAN

PERMIT SET
2020.10.06

COATES DESIGN
ARCHITECTURE + INTERIORS

300 WENDON WAY • SUITE 210
BAINBRIDGE ISLAND WA 98110
P 360.760.0075

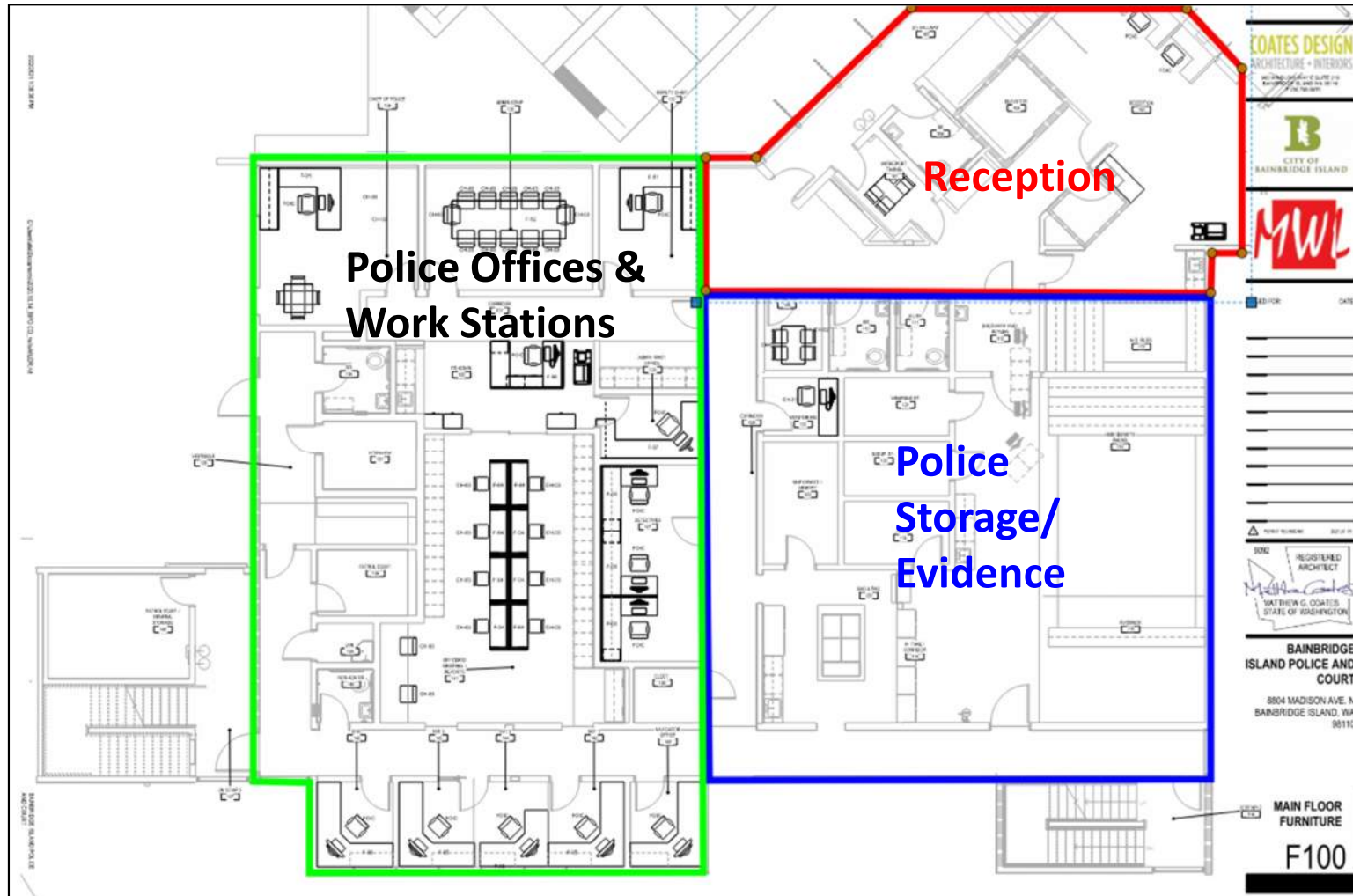
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Police / Court Discussion

January 25, 2022



Site 3 – Plans: Downstairs

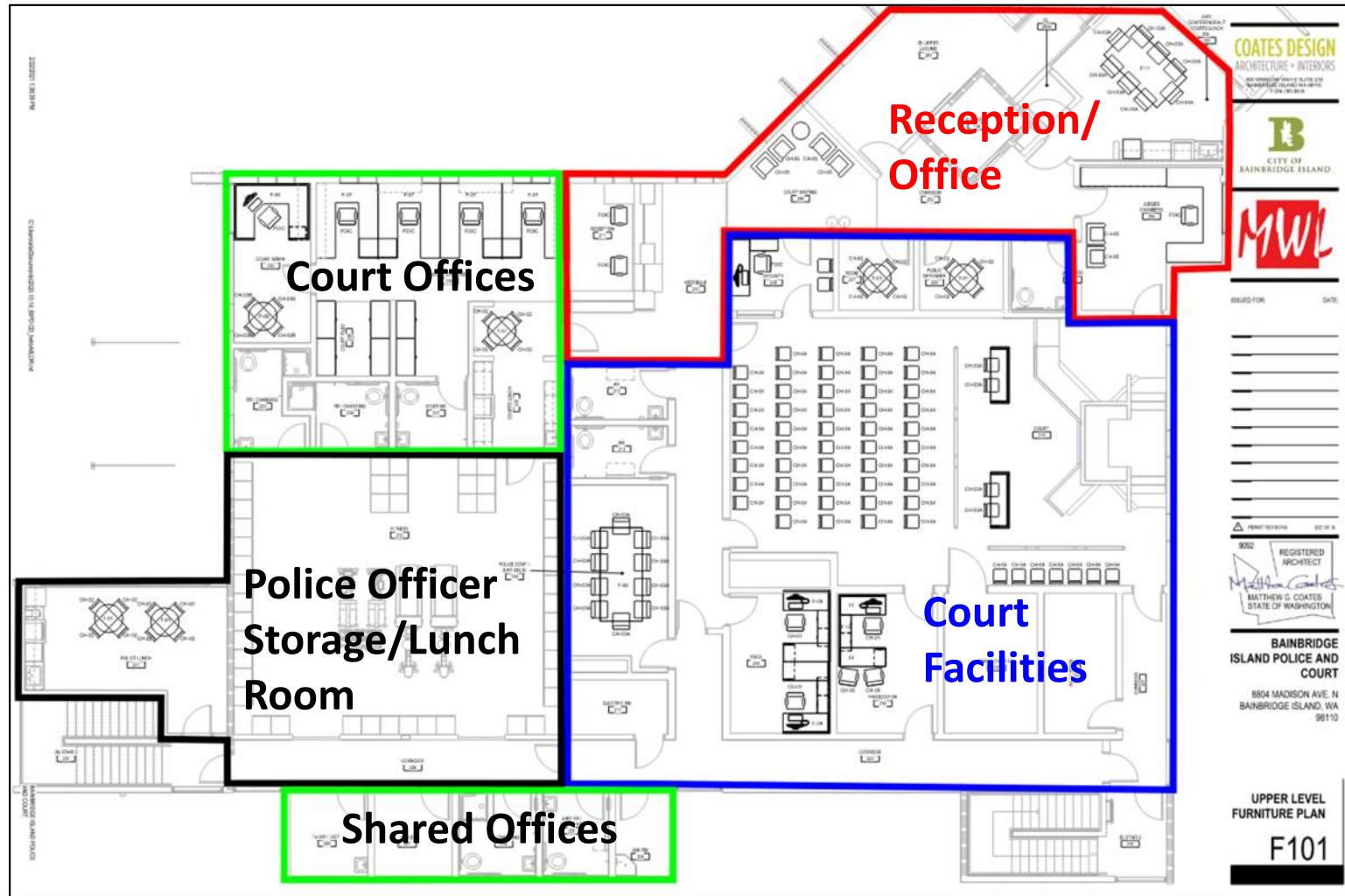


Police / Court Discussion

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Site 3 – Plans: Upstairs





Site 3 – Plan: Square footage comparison

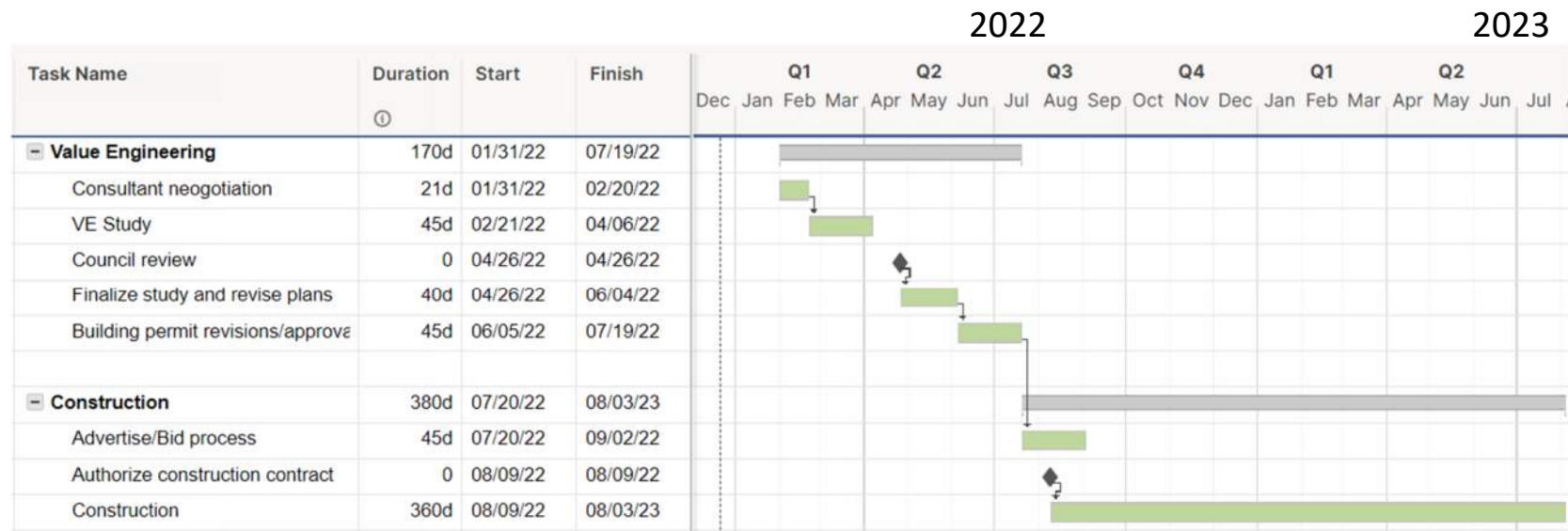
Space	Police	Court	Common	Total
<i>Existing Building (SF)</i>	<i>7,546</i>	<i>2,300</i>	<i>-</i>	<i>9,846</i>
New Building (SF)	8,975	4,497	4,370	17,842
New Building Detail (SF):				
Office	1161	1283		2444
Conference/Briefing	840	260	212	1312
Courtroom		1301		1301
Lunch	277	149		426
Meeting/Interview	223	145		368
Reception	544	447	416	1407
Storage	730	150		880
Evidence	1432			1432
Locker/Fitness	1051			1051
Wellness	157			157
Corridors	2560	762		3322
Misc: Toilets, Elec., IT, Janitor, Stairs, Elevator, etc.			3742	3742



Site 3 – Option A Next Steps & Schedule

Option A: Authorize value-engineering study prior to advertisement

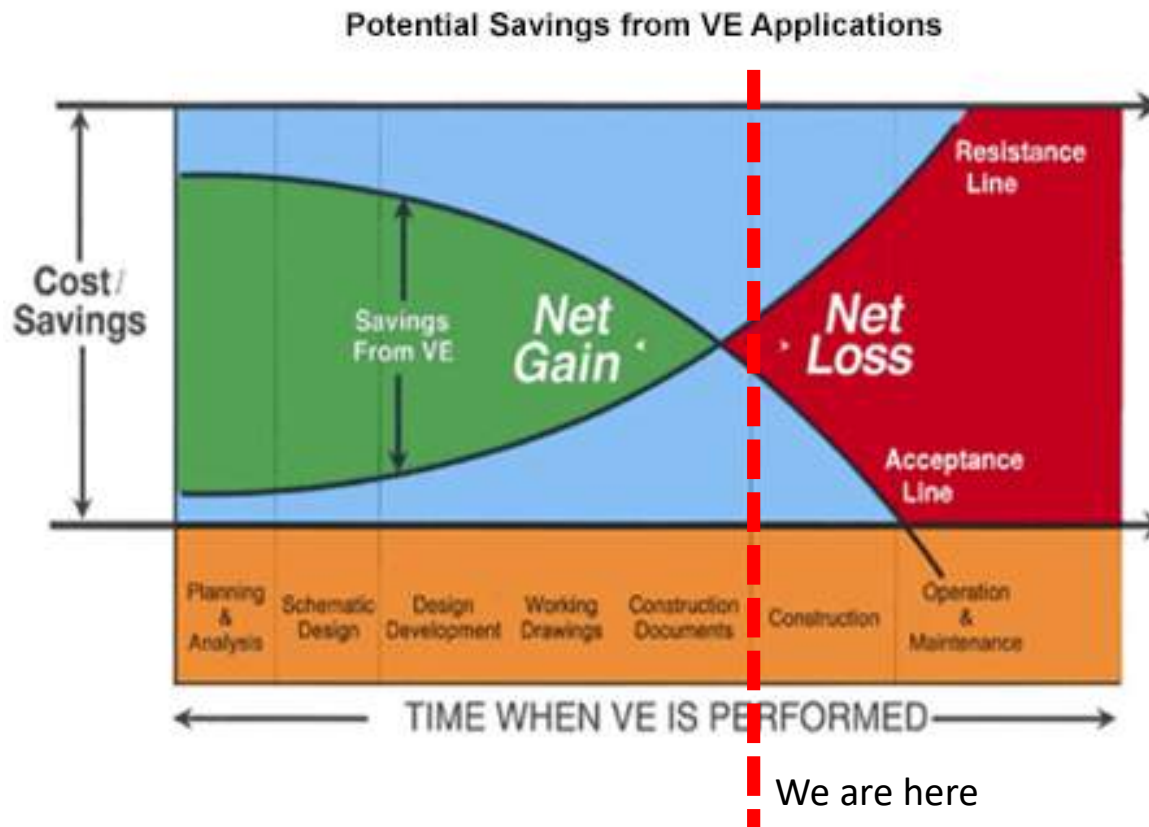
- Cost of study = ~\$50K
- Est. timeframe = 3-4 months
- Cost savings estimate = TBD (May not exceed the cost of escalation related to project delay)
- Est. building open to public late 2023





Site 3 – Option A Next Steps & Schedule

- Note on Value Engineering studies: results are less valuable as a project moves from planning to design:



Referenced from Whole Building Design Guide (Part of the National Institute of Building Sciences):



- Est. building open to public mid/late-2023



Site Summary

Site 1 – Existing Police Court Building

- Min. **4**-year timeline
- **\$37.8** million
- Highest risk

Site 2 – Suzuki Property

- Min. **3**-year timeline
- **\$31.9** million
- Mid-level risk

Site 3 – 8804 Madison Avenue

- Min. **1.5**-year timeline
- **\$20.4** million
- Lowest risk

Implications of Sale or Change in Use for 8804 Madison



Background on Bond Issuance – 8804 Madison

- Tax-Exempt Bonds issued in 2019 to purchase 8804 Madison require compliance with tax-exempt rules
 - Building purchase price = \$8,975,000
 - Bond amount received = \$8,001,874
 - Principal & interest owed = \$9,162,850 (through 12/39)

Background on Bond Issuance – 8804 Madison

- City covenanted in Bond Ordinance to preserve tax exemption for interest on the Bonds, and not to take any action that would cause interest to be taxable
- If the City now takes action to sell or change the building use to nongovernmental use, IRS might question reasonableness of City's original expectations to issue tax-exempt Bonds

Implications of Sale or Change in Use – 8804 Madison

Action	Risk
Use as intended	
Keep or sell with >90% governmental use	
Cash sale to private entity; spend proceeds on other government project	
Cash sale to private entity and defease debt	
Non-cash sale to private entity	
Keep and convert to private use	

There are different levels of risk/costs associated with changing tax-exempt status

Implications of Sale or Change in Use – 8804 Madison

Action	Risk
Use as intended	
Keep or sell with >90% governmental use	
Cash sale to private entity; spend proceeds on other government project	
Cash sale to private entity and defease debt	
Non-cash sale to private entity	
Keep and convert to private use	

→ Low risk; no additional financial effect

Implications of Sale or Change in Use – 8804 Madison

Action	Risk
Use as intended	
Keep or sell with >90% governmental use	
Cash sale to private entity; spend proceeds on other government project	
Cash sale to private entity and defease debt	
Non-cash sale to private entity	
Keep and convert to private use	

→ Medium risk; no additional adverse financial effect

Implications of Sale of Change in Use – 8804 Madison

Action	Risk
Use as intended	
Keep or sell with >90% governmental use	
Cash sale to private entity; spend proceeds on other government project	
Cash sale to private entity and defease debt	
Non-cash sale to private entity	
Keep and convert to private use	

→ Medium risk; no additional adverse financial effect if funds spent within 2-years

Implications of Sale of Change in Use – 8804 Madison

Action	Risk
Use as intended	
Keep or sell with >90% governmental use	
Cash sale to private entity; spend proceeds on other government project	
Cash sale to private entity and defease debt	
Non-cash sale to private entity	
Keep and convert to private use	

→ Medium-high risk; cost to defease debt is \$7.8M, or \$1M more than principal owed
(sale may not cover the owed costs)

Implications of Sale of Change in Use – 8804 Madison

Action	Risk
Use as intended	
Keep or sell with >90% governmental use	
Cash sale to private entity; spend proceeds on other government project	
Cash sale to private entity and defease debt	
Non-cash sale to private entity	
Keep and convert to private use	

→ High risk; cost to defease debt is \$7.8M or \$1.0M more than principal owed (no sale income available for this option, must use cash to defease debt)

Implications of Sale of Change in Use – 8804 Madison

Action	Risk
Use as intended	
Keep or sell with >90% governmental use	
Cash sale to private entity; spend proceeds on other government project	
Cash sale to private entity and defease debt	
Non-cash sale to private entity	
Keep and convert to private use	

→ Very high risk; continue owing bond amount + interest + defeasement penalty + potential bond rating decrease + potential investor litigation if no IRS agreement is in place

Determine Next Steps

I move to authorize the City Manager to:

- Initiate a feasibility study for a new police/court facility on the current police building property.
- Initiate a feasibility study for a new police/court facility on the Suzuki property.
- Proceed with advertisement for bids for the 8804 Madison property, with (or without) first completing a value engineering study of the project.

Police / Court Facility Questions and Discussion

Presented by: Blair King
City Manager
January 25, 2022



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